GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:4435
ANSWERED ON:21.04.2003
MECHANISM FOR FIXING M.S.P.
ANANTRAO GUDHE;CHANDRA BHUSHAN SINGH

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government is considering a proposal to bring about changes in the mechanism for fixing the Minimum Support Price (MSP) giving more weightage of market price of commodities rather than cost of cultivation;

(b) if so, the details of the proposals under consideration and implications thereof;

(c) the details of suggestions for modification in the current mechanism received from the State Governmentsin general and Maharashtra in particular;

(d) the details of final decision taken in the matter alongwith the present status of implementations of revised MSP mechanism;

(e) whether the Commission for agricultural costs and prices has suggested that the MSP should be declaredbefore the sowing seasons; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a): No, Sir.

(b): Does not arise.

(c): As regards the mechanism of fixing Minimum Support Price (MSP), the Commission of Agricultural Costs and Prices (CACP) has in the past received a few suggestions from State Governments including Maharashtra.The Maharashtra State Government has suggested that certain modifications need to be made in the imputation of costs such as interest on working capital, rental value of land, transport and marketing charges, profit, valuation of family labour, and insurance cost in the computation of cost by CACP. The State Government of Maharashtra has alsosuggested fixation of separate MSPs for almost all the crops for which their yields are lower and costs higher than in other States.

(d): The suggestions of the State Governments were discussed at the National Workshop on Cost of Cultivationof Principal Crops held on 21st February,2002. At the Workshop it was pointed out that in calculating agricultural costs of production, certain input costs have to be imputed and in such a situation there can be differences in the methods followed for imputation. As for the mechanism of MSP fixation, there is no change in status.

(e): Yes, Sir.

(f): All efforts are made to announce the Minimum Support Price (MSP) at the earliest.